

Compendium of Budget Information for the 2014 General Session

Business, Economic Development, and Labor Appropriations Subcommittee

Agency: Insurance

Function

The Utah Insurance Department (UID) protects the public by regulating insurance companies and individual agents to assure equitable and competitive business practices. The UID also monitors the solvency of insurance companies domiciled in the State of Utah. The department is divided into eight divisions which are funded from various restricted funds. The department's primary operating account is the Insurance Department Restricted Account which is funded by fees, fines, and forfeitures collected by the department to support its regulatory functions. As detailed below, specific functions of the department are funded through certain restricted accounts. By statute, funds collected into the Insurance Department Restricted Account over the amounts appropriated are deposited in the General Fund.

In recent years, activity, function and structure for the department have been regrouped to reduce processing time, improve efficiency, and enhance customer service. These changes have been more fully reflected in the current budget structure.

The mission of the department is to foster a healthy insurance market by promoting fair and reasonable practices that ensure available, affordable and reliable insurance products and services.

The mission of the department is accomplished by educating, serving and protecting insurance consumers, governmental agencies and all insurance industry participants at a reasonable cost. The department cooperates with and serves state and other governmental agencies in fulfilling their responsibilities.

Statutory Authority

The general and specific authority to regulate all aspects of the insurance industry in Utah are found in the Utah Code Annotated Title 31A, chapters 1 through 42.

Issues/Analysis

Department of Insurance Federal Funds

Department of Insurance Current Year Budget Trends - FY 2014

Department of Insurance Restricted Fund Balances FY 2014

In Depth Budget Review Off Budget Funds - Insurance

Special Funds

The Department of Insurance administers the following special funds:

The Bail Bond Surety Administration Account is funded by fees established in the Bail Bond Act. Funding is used for administration of the act. UCA 31A-35-407

The Guaranteed Asset Protection Waiver Restricted Account funds are derived from fees established under UCA 31A-6b-201, 202, and 204. Funding is used to pay for costs or expenses incurred in the administration, investigation, and enforcement of the Guaranteed Asset Protection Waiver Act.

The Insurance Department Restricted Account is established in UCA 31A-3-103. Funding is used for overall administration of the Department of Insurance.

The Insurance Fraud Investigation Restricted Account is funded by assessments made under UCA 31A-31-108/9. Funds are used pay for a cost or expense incurred in the administration, investigation, and enforcement of the Insurance Fraud Act.

The Relative Value Study Restricted Account is established in UCA 59-9-105 and UCA 31A-2-208. Funds are used to pay for expenses incurred by the department in conducting, maintaining, and administering the relative value study.

The Health Insurance Actuarial Review Restricted Account is established in UCA 31A-30-115. Funds are used to pay for the actuarial review conducted by the department under the Individual, Small Employer, and Group Health Insurance Act.

The Criminal Background Check Restricted Account is funded through fees established under UCA 31A-3-105; 31A-16-103; 31A-23a-105(3); 31A-25-203(3); and 31A-26-203(3). Funds are used to defray the required costs related to obtaining criminal background information.

The Technology Development Restricted Account is funded through fees on requests for information: obtained from an electronic database of the commissioner; or derived from data that is generated by electronic means. The Insurance Department can also impose a supplemental fee on the issuance or renewal of any of the following issued by the department: (a) a license; (b) a registration; or a certificate of authority. Funding is used to provide services through use of electronic commerce or other similar technology.

The Captive Insurance Restricted Account is funded through fees imposed on captive insurance companies and certificates of authority. Funds are used to administer the Captive Insurance Companies Act (UCA 31A-37) and the Special Purpose Financial Captive Insurance Company Act, and to promote captive insurance in the state. UCA 31A-3-304

The Title Licensee Enforcement Restricted Account consists of assessments on title insurer and each title insurance agency to cover the costs of administration, investigation, and enforcement of the Insurance Marketing - Licensing Producers, Consultants, and Reinsurance Intermediaries Act. Funding cannot exceed \$80,000. UCA 31A-23a-415

Funding Detail

The Department of Insurance contains five separate line items: Insurance Department Administration, Comprehensive Health Insurance Pool, Bail Bond Program, Title Insurance Program, and Risk Adjuster.

Table 1: Operating and Capital Budget Including Expendable Funds and Accounts

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
General Fund	\$8,087,600	\$8,087,900	\$0	\$8,087,900	(\$8,083,500)	\$4,400
General Fund, One-time	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$2,647,400	\$3,047,600	\$383,200	\$3,430,800	(\$352,700)	\$3,078,100
Dedicated Credits Revenue	\$22,343,700	\$25,185,000	(\$13,351,200)	\$11,833,800	(\$11,784,900)	\$48,900
GFR - Bail Bond Surety Admin	\$23,500	\$23,500	\$0	\$23,500	\$0	\$23,500
GFR - Guaranteed Asset Protection Waiver	\$89,000	\$89,000	\$0	\$89,000	\$100	\$89,100
GFR - Insurance Department Account	\$6,217,100	\$6,550,000	\$0	\$6,550,000	\$1,154,200	\$7,704,200
GFR - Ins. Dep't, One-time	\$104,200	\$14,600	\$16,300	\$30,900	(\$253,500)	(\$222,600)
GFR - Insurance Fraud Investigation	\$2,732,400	\$2,440,000	\$2,000	\$2,442,000	\$121,800	\$2,563,800
GFR - Relative Value Study	\$84,000	\$84,000	\$0	\$84,000	\$0	\$84,000
GFR - Health Insurance Actuarial Review	\$147,000	\$147,000	\$0	\$147,000	\$0	\$147,000
GFR - Technology Development	\$587,000	\$621,400	\$1,000	\$622,400	\$3,600	\$626,000
GFR - Criminal Background Check	\$165,000	\$165,000	\$0	\$165,000	\$0	\$165,000
GFR - Captive Insurance	\$701,700	\$963,500	\$2,000	\$965,500	\$25,900	\$991,400
GFR - Title Licensee Enforcement	\$81,300	\$84,200	(\$700)	\$83,500	\$2,300	\$85,800
Beginning Nonlapsing	\$21,410,300	\$15,464,700	\$3,261,900	\$18,726,600	(\$1,051,900)	\$17,674,700
Closing Nonlapsing	(\$18,726,600)	(\$12,669,200)	(\$5,005,500)	(\$17,674,700)	(\$8,370,700)	(\$26,045,400)

Lapsing Balance	(\$896,900)	(\$100)	\$100	\$0	\$0	\$0
Total	\$45,797,700	\$50,298,100	(\$14,690,900)	\$35,607,200	(\$28,589,300)	\$7,017,900

Line Items	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Insurance Department Administration	\$10,544,300	\$12,183,600	\$679,000	\$12,862,600	\$1,391,300	\$14,253,900
Insurance Fraud Victim Restitution Fund	\$0	\$322,300	\$0	\$322,300	\$0	\$322,300
Health Insurance Actuary	\$0	\$147,000	(\$147,000)	\$0	\$150,500	\$150,500
Comprehensive Health Insurance Pool	\$35,152,600	\$37,530,400	(\$15,222,300)	\$22,308,100	(\$30,134,500)	(\$7,826,400)
Bail Bond Program	\$17,000	\$23,500	\$0	\$23,500	\$0	\$23,500
Title Insurance Program	\$83,800	\$91,300	(\$600)	\$90,700	\$3,400	\$94,100
Total	\$45,797,700	\$50,298,100	(\$14,690,900)	\$35,607,200	(\$28,589,300)	\$7,017,900

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Personnel Services	\$6,867,300	\$7,531,700	\$297,300	\$7,829,000	\$1,260,000	\$9,089,000
In-state Travel	\$26,100	\$58,800	\$16,300	\$75,100	(\$7,900)	\$67,200
Out-of-state Travel	\$167,700	\$316,200	\$27,500	\$343,700	(\$60,800)	\$282,900
Current Expense	\$36,260,900	\$39,625,200	(\$15,054,100)	\$24,571,100	(\$29,519,900)	(\$4,948,800)
DP Current Expense	\$1,805,000	\$2,428,900	\$37,100	\$2,466,000	(\$260,700)	\$2,205,300
Capital Outlay	\$100	\$15,000	(\$15,000)	\$0	\$0	\$0
Other Charges/Pass Thru	\$670,600	\$322,300	\$0	\$322,300	\$0	\$322,300
Total	\$45,797,700	\$50,298,100	(\$14,690,900)	\$35,607,200	(\$28,589,300)	\$7,017,900

Other Indicators	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
------------------	----------------	----------------	----------------	-----------------	----------------	----------------

Budgeted FTE	87	87	3	90	(1)	89
Actual FTE	85	0	0	0	0	0
Vehicles	11	10	0	10	0	10

Table 2: Operating and Capital Budgets

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
General Fund	\$8,087,600	\$8,087,900	\$0	\$8,087,900	(\$8,083,500)	\$4,400
General Fund, One-time	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$2,647,400	\$3,047,600	\$383,200	\$3,430,800	(\$352,700)	\$3,078,100
Dedicated Credits Revenue	\$22,343,700	\$25,185,000	(\$13,351,200)	\$11,833,800	(\$11,784,900)	\$48,900
GFR - Bail Bond Surety Admin	\$23,500	\$23,500	\$0	\$23,500	\$0	\$23,500
GFR - Guaranteed Asset Protection Waiver	\$89,000	\$89,000	\$0	\$89,000	\$100	\$89,100
GFR - Insurance Department Account	\$6,217,100	\$6,550,000	\$0	\$6,550,000	\$1,154,200	\$7,704,200
GFR - Ins. Dep't, One-time	\$104,200	\$14,600	\$16,300	\$30,900	(\$253,500)	(\$222,600)
GFR - Insurance Fraud Investigation	\$2,732,400	\$2,117,700	\$2,000	\$2,119,700	\$121,800	\$2,241,500
GFR - Relative Value Study	\$84,000	\$84,000	\$0	\$84,000	\$0	\$84,000
GFR - Health Insurance Actuarial Review	\$147,000	\$147,000	\$0	\$147,000	\$0	\$147,000
GFR - Technology Development	\$587,000	\$621,400	\$1,000	\$622,400	\$3,600	\$626,000
GFR - Criminal Background Check	\$165,000	\$165,000	\$0	\$165,000	\$0	\$165,000
GFR - Captive Insurance	\$701,700	\$963,500	\$2,000	\$965,500	\$25,900	\$991,400
GFR - Title Licensee Enforcement	\$81,300	\$84,200	(\$700)	\$83,500	\$2,300	\$85,800
Beginning Nonlapsing	\$21,410,300	\$15,464,700	\$3,261,900	\$18,726,600	(\$1,051,900)	\$17,674,700
Closing Nonlapsing	(\$18,726,600)	(\$12,669,200)	(\$5,005,500)	(\$17,674,700)	(\$8,370,700)	(\$26,045,400)
Lapsing Balance	(\$896,900)	(\$100)	\$100	\$0	\$0	\$0

Total	\$45,797,700	\$49,975,800	(\$14,690,900)	\$35,284,900	(\$28,589,300)	\$6,695,600
-------	--------------	--------------	----------------	--------------	----------------	-------------

Line Items	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Insurance Department Administration	\$10,544,300	\$12,183,600	\$679,000	\$12,862,600	\$1,391,300	\$14,253,900
Health Insurance Actuary	\$0	\$147,000	(\$147,000)	\$0	\$150,500	\$150,500
Comprehensive Health Insurance Pool	\$35,152,600	\$37,530,400	(\$15,222,300)	\$22,308,100	(\$30,134,500)	(\$7,826,400)
Bail Bond Program	\$17,000	\$23,500	\$0	\$23,500	\$0	\$23,500
Title Insurance Program	\$83,800	\$91,300	(\$600)	\$90,700	\$3,400	\$94,100
Total	\$45,797,700	\$49,975,800	(\$14,690,900)	\$35,284,900	(\$28,589,300)	\$6,695,600

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Personnel Services	\$6,867,300	\$7,531,700	\$297,300	\$7,829,000	\$1,260,000	\$9,089,000
In-state Travel	\$26,100	\$58,800	\$16,300	\$75,100	(\$7,900)	\$67,200
Out-of-state Travel	\$167,700	\$316,200	\$27,500	\$343,700	(\$60,800)	\$282,900
Current Expense	\$36,260,900	\$39,625,200	(\$15,054,100)	\$24,571,100	(\$29,519,900)	(\$4,948,800)
DP Current Expense	\$1,805,000	\$2,428,900	\$37,100	\$2,466,000	(\$260,700)	\$2,205,300
Capital Outlay	\$100	\$15,000	(\$15,000)	\$0	\$0	\$0
Other Charges/Pass Thru	\$670,600	\$0	\$0	\$0	\$0	\$0
Total	\$45,797,700	\$49,975,800	(\$14,690,900)	\$35,284,900	(\$28,589,300)	\$6,695,600

Other Indicators	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Budgeted FTE	87	87	3	90	(1)	89
Actual FTE	85	0	0	0	0	0

Vehicles	11	10	0	10	0	10
----------	----	----	---	----	---	----

Table 3: Expendable Funds and Accounts

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
GFR - Insurance Fraud Investigation	\$0	\$322,300	\$0	\$322,300	\$0	\$322,300
Total	\$0	\$322,300	\$0	\$322,300	\$0	\$322,300

Line Items	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Insurance Fraud Victim Restitution Fund	\$0	\$322,300	\$0	\$322,300	\$0	\$322,300
Total	\$0	\$322,300	\$0	\$322,300	\$0	\$322,300

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Other Charges/Pass Thru	\$0	\$322,300	\$0	\$322,300	\$0	\$322,300
Total	\$0	\$322,300	\$0	\$322,300	\$0	\$322,300

Table 4: Business-like Activities

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Federal Funds	\$34,912,500	\$38,407,300	\$0	\$38,407,300	(\$37,248,900)	\$1,158,400
Dedicated Credits Revenue	\$5,406,300	\$4,717,100	\$0	\$4,717,100	(\$4,717,100)	\$0

Beginning Nonlapsing	\$14,700	\$0	\$14,700	\$14,700	(\$14,700)	\$0
Closing Nonlapsing	(\$14,700)	\$0	\$0	\$0	\$0	\$0
Total	\$40,318,800	\$43,124,400	\$14,700	\$43,139,100	(\$41,980,700)	\$1,158,400

Line Items	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Federal HIPUtah	\$40,318,800	\$43,124,400	\$14,700	\$43,139,100	(\$41,980,700)	\$1,158,400
Total	\$40,318,800	\$43,124,400	\$14,700	\$43,139,100	(\$41,980,700)	\$1,158,400

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Out-of-state Travel	\$0	\$800	\$0	\$800	(\$800)	\$0
Current Expense	\$40,318,800	\$43,123,500	\$14,800	\$43,138,300	(\$41,979,900)	\$1,158,400
DP Current Expense	\$0	\$100	(\$100)	\$0	\$0	\$0
Total	\$40,318,800	\$43,124,400	\$14,700	\$43,139,100	(\$41,980,700)	\$1,158,400

COBI contains unaudited data as presented to the Legislature by state agencies at the time of publication. For audited financial data see the State of Utah's Comprehensive Annual Financial Reports.